

FROM PLATE TO PLOUGH: THE RIGHT TO CHOOSE

Relevant for: Indian Economy | Topic: Major Crops, Cropping Patterns and various Agricultural Revolutions

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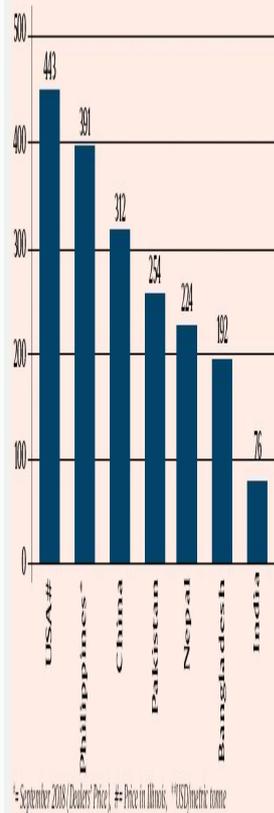
The writer is chair professor for agriculture at ICRIER. Views are personal

The [Narendra Modi](#) government completed 100 days of its second term (Modi 2.0) last week. On this occasion, most cabinet ministers spoke of the achievements of their ministries. The headlines in newspapers were, however, about the abrogation of [Article 370](#), or the biggest slump in auto sales in the last two decades, or the slowing down of GDP growth. I tried to search for bold moves in agriculture as it affects the largest number of people. But I couldn't find any. Some already-announced schemes were tweaked and a few new ideas were offered but without solid scientific and financial backing.

The PM-Kisan Yojana (PMKY) — an income support of Rs 6,000 per year to small and marginal farmer households — was announced before the parliamentary elections. Modi 2.0 has extended the scheme to the families of all farmers. The 2019-20 Union budget has provisioned Rs 75,000 crore for this scheme. This is the first step towards direct cash (income) transfer to farmers' accounts. As I have argued earlier, this scheme will be meaningful if other subsidies — such as those on food, fertiliser, power and irrigation, and agri-credit — are clubbed with the PMKY and given directly to farmers. The move should be complemented by allowing market forces to set prices. Else, PMKY may come at the cost of investments in agriculture, which have fallen from a peak of 18.2 per cent of the agri-GDP in 2011-12 to 13.7 per cent of the agri-GDP 2017-18. With such a fall in investments, the dream of doubling farmers' incomes by 2022 cannot be fulfilled.

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RETAIL PRICES OF UREA IN SELECTED COUNTRIES (OCTOBER 2010)*



In this article, I want to focus on something new and interesting that the prime minister talked about in his Independence Day speech. He repeated the same in his address to the 14th Conference of Parties of the UN Convention to Combat Desertification (UNCCD) in Greater Noida. The PM's key message was to reduce consumption of chemical fertilisers and promote zero budget natural farming (ZBNF). The concept, fathered by Subhash Palekar, uses dung from desi black cows, their urine, adds jaggery and pulses' flour in certain proportions and deploys that, as jeevamrit, to augment microbial activity in soil. This is supposed to make our soils healthier and augment productivity in a sustainable manner. Incidentally, ZBNF was also mentioned as the future of Indian agriculture by [Nirmala Sitharaman](#) in her maiden budget speech.

At the very outset, let me say that I am a supporter of adding organic matter — be it dung or farm yard manure (FYM) — that can improve carbon in our soils. It is well known that chemical fertilisers are not used rationally by our farmers. Although the optimal ratio of using nitrogen (N), phosphate (P) and potash (K), differs from plot to plot, at the all India level, it is generally agreed that the optimal combination of N, P and K should be in the ratio of 4:2:1. In 2009-10, this ratio was 4.3:2:1 — quite close to the desired level. But in 2010, the Nutrient Based Subsidy (NBS) scheme was introduced. It almost freed prices of P and K from government control and provided some fixed subsidy on these fertilisers on a per tonne basis. However, N (urea) was excluded from this scheme. As a result while DAP (di-ammonium phosphate) and MOP (muriate of potash) carry a subsidy of about 25-30 per cent of their cost of production, urea has a subsidy of more than 75 per cent on its cost of production. The Indian urea prices are perhaps lowest in the world, and certainly lowest amongst the major countries (see graph).

No wonder, there is overuse of urea in relation to DAP and MOP. Normally, whenever chemical fertilisers are used, a good dosage of FYM is recommended. So FYM, or something akin to jeevamrit, is conceived as a supplement, not a substitute of chemical fertilisers.

But there could be serious questions if the government's intention is to completely jettison chemical fertilisers — PM talked of halving fertiliser consumption in his “Mann ki Baat” speech of November 26, 2017. First, has the Indian Council of Agriculture Research (ICAR) studied the possible impact of ZBNF on yields of major crops like wheat and rice in comparison to chemical fertiliser-based farming? It needs to do large scale testing in different regions to see the nationwide implications of ZBNF on the overall production of major crops. I understand that such studies have not been conducted. In fact, the limited information that is available suggests a 30 to 50 per cent drop in yields. That could puncture a big hole in India's food security basket. Do we want to go back to the “ship-to-mouth” situation of the mid-1960s?

Second, if the PM wants to cut fertiliser consumption by half by 2022, why is the government investing in new urea plants of 1.27 million tonne, each under the public sector —at Gorakhpur in UP, Barauni in Bihar, Ramagundam in AP, Sindri in Jharkhand and Talcher in Odisha. The combined capacity of these plants is likely to be about 6.35 million tonne and the production cost more than \$400 per tonne. One wonders whether there is any coordination between what the PM says and what his government is doing? It seems a typical case of left hand not knowing what the right hand is doing.

My humble submission is that the fertiliser subsidy, which is budgeted at Rs 80,000 crore for 2019-20, be given directly to farmers on a per hectare basis and allow them to decide whether they want to do ZBNF or chemical-fertiliser based farming. The fertiliser prices will then be market determined, ensuring their efficient usage, stopping their diversion to non-agri-uses as well as to neighbouring countries. It will be a win-win situation from several perspectives. Can the Modi government do that in the next 100 days?

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